Audits of Financial Statements

June 30, 2009 and 2008

Under provisions of state law, this report is a public document A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/24//0

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# Independent Auditor's Report

To the Board of Trustees and Members of The Louisiana Philharmonic Orchestra

We have audited the accompanying statements of financial position of The Louisiana Philharmonic Orchestra (a non-profit organization) (LPO) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the fiscal years then ended. These financial statements are the responsibility of The Louisiana Philharmonic Orchestra's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of The Louisiana Philharmonic Orchestra as of June 30, 2009 and 2008, and the results of its activities and its cash flows for the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 9, 2009, on our consideration of The Louisiana Philharmonic Orchestra's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

A Professional Accounting Corporation

Laterte, Selet, Konig & Hond

October 9, 2009

# THE LOUISIANA PHILHARMONIC ORCHESTRA Statements of Financial Position June 30, 2009 and 2008

		2009	2008
Assets			
Current Assets			
Cash and Cash Equivalents	\$	849,715	\$ 1,176,271
Certificates of Deposit		200,000	200,000
Contributions Receivable		755,313	1,260,738
Other Current Assets		30,054	63,560
Total Current Assets		1,835,082	2,700,569
Property and Equipment, Net		308,759	 82,134
Other Assets			
Contributions Receivable Greater than One Year		166,594	392,336
Investments		10,541	10,235
Interest in Endowment Trust		685,343	841,662
Total Assets	<u>\$</u>	3,006,319	\$ 4,026,936
Liabilities and Net Assets			
Current Liabilities			
Trade Accounts Payable and Accrued Liabilities	\$	272,452	\$ 35,284
Line of Credit		272,840	611,134
Deferred Revenue - Ticket Sales		502,339	319,205
Total Current Liabilities		1,047,631	 965,623
Net Assets			
Unrestricted			
Board Designated		38,568	38,568
Cumulative Operations		(600,808)	(649,870)
Temporarily Restricted		1,000,896	2,013,771
Permanently Restricted		1,520,032	 1,658,844
Total Net Assets		1,958,688	3,061,313
Total Liabilities and Net Assets	<u>\$</u>	3,006,319	\$ 4,026,936

# THE LOUISIANA PHILHARMONIC ORCHESTRA Statement of Activities For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Support	· <u> </u>			
Earned Revenue	\$ 1,390,279	\$ -	\$ -	\$ 1,390,279
Contributions	2,289,862	334,875	17,607	2,642,344
Other Income	151,831	-	-	151,831
Net Assets Released from Restrictions -				
Satisfaction of Purpose Restrictions				
for Orchestra Programs	1,347,750	(1,347,750)		•
Total Revenues and Other Support	5,179,722	(1,012,875)	17,607	4,184,454
Expenses				
Orchestra Programs	3,858,345	•	-	3,858,345
Management and General	498,168		_	498,168
Marketing	491,570	-	-	491,570
Fundraising and Development	282,577	-		282,577
Total Expenses	5,130,660	<u> </u>		5,130,660
Endowment Loss in Excess of Amounts Designated				
for Current Operations			(156,419)	(156,419)
Change in Net Assets	49,062	(1,012,875)	(138,812)	(1,102,625)
Net Assets, Beginning of Year	(611,302)	2,013,771	1,658,844	3,061,313
Net Assets, End of Year	\$ (562,240)	\$ 1,000,896	\$ 1,52 <u>0,032</u>	\$ 1,958,688

# THE LOUISIANA PHILHARMONIC ORCHESTRA Statement of Activities For the Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Support				
Earned Revenue	\$ 1,226,161	\$ -	\$ -	\$ 1,226,161
Contributions	1,557,171	959,536	21,027	2,537,734
Other Income	144,806	•	-	144,806
Net Assets Released from Restrictions -				
Satisfaction of Purpose Restrictions				
for Orchestra Programs	1,489,851	(1,489,851)	<del>-</del>	
Total Revenues and Other Support	4,417,989	(530,315)	21,027	3,908,701
Expenses				
Orchestra Programs	3,319,401	-	•	3,319,401
Management and General	524,323	-	-	524,323
Marketing	308,269	•	-	308,269
Fundraising and Development	244,885	-	-	244,885
Total Expenses	4,396,878	<u>-</u>	-	4,396,878
Endowment Return in Excess of Amount Designated				
for Current Operations			(33,148)_	(33,148)
Change in Net Assets	21,111	(530,315)	(12,121)	(521,325)
Net Assets, Beginning of Year	(632,413)	2,544 <u>,0</u> 86	1,670,965	3,582,638
Net Assets, End of Year	\$ (611,302)	\$ 2,013,771	\$ 1,658,844	\$ 3,061,313

# THE LOUISIANA PHILHARMONIC ORCHESTRA Statements of Cash Flows For the Years Ended June 30, 2009 and 2008

	2009	2008	
Cash Flows from Operating Activities			
Changes in Net Assets	\$ (1,102,625)	\$ (521,325)	
Adjustments to Reconcile Changes in Net Assets			
to Net Cash Provided by (Used in) Operating Activities			
Depreciation and Amortization Expense	52,115	28,609	
Accretion of Investment Discount	(306)	(307)	
Endowment Loss	156,319	33,148	
Decrease (Increase) in Contributions Receivable	731,167	(192,894)	
Decrease (Increase) in Other Current Assets	33,506	(34,836)	
Increase in Trade Accounts Payable and			
Accrued Liabilities	237,168	35,285	
Increase in Deferred Revenue - Ticket Sales	183,134	6,775	
Net Cash Provided by (Used in) Operating Activities	290,478	(645,545)	
Cash Flows from Investing Activities			
Purchase of Property and Equipment	(278,740)	(28,052)	
Net Cash Used in Investing Activities	(278,740)	(28,052)	
Cash Flows from Financing Activities			
Net (Repayments) Borrowings on Line of Credit	(338,294)	81,500	
Net Cash (Used in) Provided by Financing Activities	(338,294)	81,500	
Net Decrease in Cash and Cash Equivalents	(326,556)	(592,097)	
Cash and Cash Equivalents, Beginning of Year	1,176,271	1,768,368	
Cash and Cash Equivalents, End of Year	\$ 849,715	\$ 1,176,271	
Supplemental Disclosure of Cash Flow Information Cash Paid for Interest	\$ 9,000	<b>\$</b> 15,377	

#### **Notes to Financial Statements**

# Note 1. Organization and Summary of Significant Accounting Policies

# Organization

The Louisiana Philharmonic Orchestra (LPO) is a non-profit entity formed to establish a symphony to perform classical and other music, to present programs, and to undertake other activities to further the enjoyment of classical and other music by the public.

# **Basis of Accounting**

The LPO's financial statements are presented using the accrual method of accounting. Under this method, revenues are recognized in the period earned, and expenses are recognized in the period in which the benefit is realized. Revenues from ticket sales are recognized when the performances are given.

The LPO reports grants and other contributions of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets, unless that restriction expires in the fiscal year the gifts were received. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. The LPO reports gifts of assets as permanently restricted support if they are received with donor stipulations that permanently restrict the assets from use.

#### **Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the LPO is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

#### Contributions

The LPO accounts for grants and other contributions in accordance with the Financial Accounting Standards Board in SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending upon the existence or nature of any donor restrictions.

# **Notes to Financial Statements**

# Note 1. Organization and Summary of Significant Accounting Policies (Continued)

# Contributions (Continued)

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

# Cash and Cash Equivalents

The LPO considers all money-market investment instruments and certificates of deposit with an original maturity of three months or less to be cash equivalents.

#### Contributions Receivable

Contributions receivable consist of unconditional promises to give to the LPO. Unconditional promises to give are recognized as contribution revenue in the period received and are recorded at their net realizable value. At June 30, 2009 and 2008, contributions receivable were considered to be fully collectible by management.

#### Investments

Investments are stated at fair market value. The LPO's investments at June 30, 2009 and 2008, consist of interest bearing bonds. Interest income is included as an increase in unrestricted net assets in the accompanying Statements of Activities since its use is unrestricted.

# Fair Values of Financial Instruments

In 2008, the LPO adopted the provisions of SFAS No. 157, Fair Value Measurements. Under SFAS No. 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SFAS No. 157 establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

# **Notes to Financial Statements**

# Note 1. Organization and Summary of Significant Accounting Policies (Continued)

# Fair Values of Financial Instruments (Continued)

Level 3 - Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement (see Note 13).

The LPO's measurements of fair value are made on a recurring basis, and their valuation techniques for assets and liabilities recorded at fair value are as follows:

Endowment Fund - The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that are unobservable inputs due to the limited market activity of the investment.

Bonds - The fair value of the bonds is the amortized cost, which approximates fair value.

Unconditional Promises to Give - The fair value of contributions is equal to the carrying value for contributions expected to be collected within one year. Contributions expected to be collected in future periods are discounted to present value based on management's assumptions.

# **Property and Equipment**

Property and equipment, including the music library, are stated at cost, except for donated assets, which are recorded at fair market value on the date of the donation. It is the LPO's policy to capitalize all expenditures for these items. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is ten years for musical instruments and five years for all other property and equipment.

# Deferred Marketing Costs / Deferred Revenue - Ticket Sales

The LPO promotes and collects season ticket sales for the subsequent season during the latter part of the current fiscal year. Costs incurred for the promotion of the following season are presented as deferred marketing costs, and revenues generated for the following season are presented as deferred revenue. Both the costs and revenues are recognized systematically throughout the next fiscal year as the season progresses and performances are held.

# **Notes to Financial Statements**

# Note 1. Organization and Summary of Significant Accounting Policies (Continued)

# **Permanently Restricted Net Assets**

Permanently restricted net assets totaled \$1,520,032 and \$1,658,844 as of June 30, 2009 and 2008, respectively. These net assets consist of an interest in an endowment as well as contributions received with donor stipulations that require the assets to remain in perpetuity.

#### **Endowments**

As disclosed in Note 5, the LPO has several endowments where the recipient organization has variance power over the assets. Also, as disclosed in Note 5, the LPO is the beneficiary of one endowment where the recipient organization does not have variance power. As such, the endowment is recorded as an asset in the Statements of Financial Position. Distributions from this endowment can be made twice a year at the discretion of the trustee in the amount of 4.0% of the average endowment balance for the past twelve quarters, not exceeding the expected long-term investment return of the endowment. Distributions are classified as unrestricted other income in the Statement of Activities.

#### **Tax Status**

The LPO is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

#### **Donated Services and Materials**

Donated services and materials, if significant in amount, are recorded as contributions at their fair market value, provided the donor has a clearly measurable and objective basis for determining their value. No value is assigned to other donated items if there is no ascertainable basis for assigning the value. During fiscal year 2009 and 2008, the LPO has recorded both revenues and expenses of \$14,695 and \$21,713, respectively, relating primarily to management and general expenses for donated professional services.

#### Note 2. Concentration of Financial Risk

The LPO periodically maintains cash in bank accounts in excess of insured limits. The LPO has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

# **Notes to Financial Statements**

#### Note 3. Contributions Receivable

Contributions receivable are as follows as of June 30th:

	20	09	2008
Unconditional Promises to Give			
Receivable in Less than One Year	\$ 75	55,313	\$ 1,260,738
Receivable in One to Five Years	18	30,000	437,000
Total Unconditional Promises to Give	9;	35,313	1,697,738
Less: Discounts to Net Present Value	(	13,406)	 (44,664)
Net Unconditional Promises to Give	\$ 92	21,907	\$ 1,653,074

Pledges expected to be received in more than one year were discounted at 3.19%.

# Note 4. Property and Equipment

Property and equipment, net is summarized as follows for June 30th:

	2009		2008
\$	237,958	\$	224,623
	95,483		89,454
	334,272		74,896
	667,713		388,973
	(358,954)		(306,839)
<u>\$</u>	308,759	\$	<u>82,134</u>
	\$ 	\$ 237,958 95,483 334,272 667,713 (358,954)	\$ 237,958 \$ 95,483 334,272 667,713 (358,954)

Depreciation expense for the years ended June 30, 2009 and 2008, amounted to \$52,115 and \$28,609, respectively.

#### Note 5. Endowments

Several endowments have been established at the Greater New Orleans Foundation (GNOF) for the benefit of the LPO over which GNOF has variance power. As of June 30, 2009 and 2008, these endowments were valued at approximately \$2,029,726 and \$2,495,877, respectively. Distributions from these endowments, which are at the discretion of the GNOF, were \$98,396 and \$98,917 during the years ended June 30, 2009 and 2008, respectively.

The LPO has, in the Statements of Financial Position, an interest in an endowment trust in the amount of \$685,343 and \$841,662 at June 30, 2009 and 2008, respectively. GNOF serves as the trustee of the trust. Distributions from the endowment trust were \$32,452 and \$34,030, for the periods ending June 30, 2009 and 2008, respectively.

# **Notes to Financial Statements**

#### Note 6. Line of Credit

The LPO has an \$800,000 unsecured line of credit with a financial institution. The outstanding borrowings under this line of credit amounted to \$272,840 and \$611,134, at June 30, 2009 and 2008, respectively. The line of credit bears interest at the financial institution's prime rate (which was 5.25% at June 30, 2009), and matures January 1, 2010.

# Note 7. Unrestricted Net Assets - Board Designations

The LPO has Unrestricted - Board Designated net assets as of June 30, 2009 and 2008 in the amount of \$38,568. This amount was received as a donation and the funds were added to the Board Designated Funds Functioning as Endowment of the LPO.

# Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of June 30, 2009:

Periods after June 30, 2009	<b>\$ 744,930</b>
Specific Programs and Purposes	<u>255,966</u>
Total	\$ 1,000,896
I DIAL	

Temporarily restricted net assets restricted for periods after June 30, 2009, consist primarily of the unreleased amount of grants received from the NEA, the Zemurray Foundation, and various corporate and individual gifts.

#### Note 9. Commitments

During the fiscal year ended June 30, 2006, the LPO relocated its office. Required minimum lease payments for the office space and additional storage space are as follows for June 30<sup>th</sup>:

2010	\$ 45,372
2011	34,029
Total	\$ 79.40°

During the fiscal year ended June 30, 2009, the LPO signed a month-to-month contract with a firm to assist in marketing strategies. The contract will expire on June 30, 2010 and the monthly fee is \$4,575. Rent expense totaled \$48,601 and \$49,756 for the years ended June 30, 2009 and 2008, respectively.

# Notes to Financial Statements

# Note 10. Functional Expenses

The LPO's expenses classified by functional category for the years ended June 30, 2009 and 2008, are as follows:

	2009								
Salaries and Wages	Orchestra Programs	Management Fundraising Orchestra and and						Total	
	\$ 3,344,601	\$	289,238	\$ 133,933 <b>\$</b> 114.	114,183	\$ 3.881.955			
Supplies and Travel	69,019	•	32,389	•	181,864	٠	7,717	290,989	
Services and			,		•		•	•	
Professional Fees	45,684		7,482		88,115		65,944	207,225	
Office and Occupancy	362,163		153,822		87,658		94,733	698,376	
Depreciation and	•		,		•		,	•	
Amortization	36,878		15,237		•		<u>.</u>	52,115	
Total	\$3,858,345	\$	498,168	\$	491,570	\$	282,577	\$ 5,130,660	

		2008							
		Ma	nagement	_	Fι	undraising			
	Orchestra		and			and			
	Programs		General	Marketing	De	velopment	Total		
Salaries and Wages	\$ 2,989,612	\$	271,547	\$ 116,118	\$	103,402	\$3,480,679		
Supplies and Travel	77,064		42,410	122,157		15,120	256,751		
Services and									
Professional Fees	45,399		6,604	16,000		13,827	81,830		
Office and Occupancy	196,125		186,354	53,994		112,53 <del>6</del>	549,009		
Depreciation and									
Amortization	11,201		17,408			<u>-</u>	28,609		
Total	\$3,319,401	\$	524,323	\$ 308,269	\$	244,885	\$4,396,878		

# Note 11. Pension Plan

The LPO participates in the American Federation of Musicians' and Employers' Pension Fund (the Fund). The Fund covers every musician employed by the LPO. Under the terms of the Fund, the LPO contributes 7% of all wages for musical services (as described in the AFM's Wage Scale Book). The amount contributed to the Fund for the years ended June 30, 2009 and 2008, totaled \$125,778 and \$117,295, respectively.

# **Notes to Financial Statements**

# Note 12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 9, 2009, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### Note 13. Fair Value of Financial Instruments

The LPO's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with SFAS 157. See Note 1 for a description of the LPO's policies and valuation procedures.

The valuation of the LPO's assets and liabilities measured at fair value on a recurring basis at June 30, 2009 are as follows:

	 Total	Level 1	Level 2	Level 3
Endowment Trust	\$ 685,343	\$ 268,878	\$ 361,592	\$ 54,873
Long-Term Bonds	10,541	-	-	10,541
Unconditional Promises to Give	 921,907			921,907
Total	\$ 1,617,791	\$ 268,878	\$ 361,592	\$ 987,321

The changes in investments measured at fair value for which the LPO has used Level 3 inputs to determine fair value are as follows:

		lowment Trust	Long-Term Bonds		Unconditional Promises to Give	
Balance, July 1, 2008	\$	32,800	\$	10,235	\$	1,653,074
Net Realized and Unrealized Losses		(2,545)		-		-
Net Payments and Gifts		-		-		(699,909)
Net Purchases and Sales		24,618		-		-
Change in Present Value	_	<u>•</u>		306		(31,258)
Balance, June 30, 2009	\$	54,873	\$_	10,541	\$	921,907

#### Notes to Financial Statements

#### Note 14. Endowment Fund

As disclosed in Note 5, the LPO has an endowment with GNOF. The following is GNOF's policies for endowment funds.

GNOF follows a Total Return Spending Policy for its endowment funds. Endowment funds are invested for maximum total return (within acceptable risk parameters), without distinction between income and capital gains. The market value of the fund is measured over the past 12 quarters, and a percentage of the average of those values is made available for grants. This method appropriately puts the focus on the long-term growth of the fund. This, in turn, encourages the appropriate use of equities in the fund, helping the fund to grow at a rate greater than inflation. The annual percentage for 2008 distributions is 4%. This percentage is evaluated each year and adjusted as necessary.

The primary financial objective for GNOF is to increase the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of investment management. Endowment assets are invested in a well diversified asset mix, which includes equity securities, fixed income securities and alternative investments, that is intended to meet this objective. GNOF has established a 5% real rate of return objective for GNOF's portfolio. Actual returns in any given year may vary from this amount. Investment assets and allocation between asset classes and strategies are managed to not expose the endowment assets to unacceptable levels of risk.

The permanently restricted net assets also consist of contributions received which are held in a savings account and then subsequently transferred to GNOF at the board's designation.

Composition of and changes in endowment net assets for the year ended June 30, 2009, were as follows:

						Total
			Board		Permanently Restricted	
			Designated			
Permanently Restricted Endowment Net Assets, Beginning of Year	\$	841,662	\$	817,182	\$	1,658,844
Contributions		-		17,607		17,607
Net Depreciation in Endowment		(156,419)		<u>-</u>		(156,419)
Permanently Restricted Endowment Net Assets, End of Year	_\$_	685,243	\$	834,789	\$	1,520,032



# REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees and Members of The Louisiana Philharmonic Orchestra

We have audited the financial statements of The Louisiana Philharmonic Orchestra (a non-profit organization) as of and for the years ended June 30, 2009 and 2008, and have issued our report thereon dated October 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

# Internal Control Over Financial Reporting

In planning and performing our audits, we considered The Louisiana Philharmonic Orchestra's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Louisiana Philharmonic Orchestra's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

# **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Louisiana Philharmonic Orchestra's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of The Louisiana Philharmonic Orchestra, management, and the Legislative Auditor of the State of Louisiana, and it is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A Professional Accounting Corporation

Laterte, Selet, Konig & Houl

October 9, 2009